



SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

December 3, 2004

Dear Interested Parties:

**ACTUARIAL RATE DEVELOPMENT PROJECT REQUEST FOR PROPOSAL
(RFP) 04-35855 ADMINISTRATIVE BULLETIN 3**

Administrative Bulletin 3, issued by the California Department of Health Services, Office of Medi-Cal Procurement (OMCP), announces the release of the official Questions and Answers regarding RFP 04-35855 submitted by interested parties.

Thank you for your continued interest in the Actuarial Rate Development Project procurement effort.

If you have further questions, please contact Robert Marlow, lead analyst assigned to this procurement, at (916) 255-6023.

Sincerely,

Donna Martinez, Chief
Office of Medi-Cal Procurement
Enclosures

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Proposer Questions

? #	RFP Section	Pg	Question/Comment	Official Response
1	RFP main, section J.4, Qualification Requirements and RFP main, section K.3.i.1) Technical Proposal Format and Content Requirements	17 and 30	A copy of the firm's active on-line status information from the California Business Portal is sufficient evidence of proof of corporate status (Section K). Is it also sufficient evidence of a corporation being in good standing and qualified to do business in California (Section J)?	No. The Proposer's active on-line status information from the California Business Portal alone does not fulfill the certification requirements as set forth in RFP Section J.4. This certification requirement may be fulfilled by completing and signing the Required Attachment/Certification Checklist (Attachment 2).
2	RFP main, section J.8, Qualification Requirements and Attachment section, Conflict of Interest Compliance Certificate	17-18 and Attachment 13	<p>The RFP requires disclosures of a potential conflict of interest if the proposer contracts with any Medi-Cal managed care health plan, provider, or billing agent for Medi-Cal services. It also requires disclosure where a proposer's officer, director, employee or a spouse or dependent child is employed by a Medi-Cal managed care health plan, provider, or billing agent for Medi-Cal services. Our firm has over 50,000 employees and has done work in the past for clients who may fall into these categories. We intend to disclose all such potential conflicts of interests in our technical proposal submission. Members of the proposed project team may have served some of these entities in the past and may be called upon to serve again for non-Medi-Cal related issues.</p> <p>We will make a good faith effort to document all potential conflicts of interest. But given the size of the firm, we may not be able to guarantee all potential conflicts are identified. Please comment on whether such good faith efforts will be acceptable.</p> <p>For such potential conflicts of interest, we will</p>	<p>Proposers must assess their own situations, according to RFP, Attachment 13. (See RFP, Section K.3.j.) DHS reserves the right to determine, at DHS' sole discretion, whether any information received from any source indicates the existence of a potential or actual conflict of interest. (See RFP, Attachment 13, Section A.) Therefore, a "good faith effort" will not absolve the proposer from responsibility to comply with the requirement to disclose all potential conflicts of interest.</p> <p>Determination of whether a Proposer has satisfied the requirements set forth in RFP, Attachment 13 must necessarily be based on the particular content of a given Proposer's submission. (See RFP, Attachment 13, Section F.)</p> <p>If DHS determines, in its sole discretion, that additional information is needed from a given Proposer, either to determine whether a conflict of interest exists or to determine the effect of a potential or actual conflict of interest, DHS will issue a Request for Clarification to that Proposer. (See RFP, Attachment 13, Section G.)</p>

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			describe a conflict avoidance plan. Do you have more specific guidance regarding conditions and criteria that the department would require or request in a conflict avoidance plan?	<p>The successful Proposer's duty to identify conflicts of interest extends over the life of the contract. Identification of a conflict of interest after contract approval that cannot be satisfactorily addressed through a conflict avoidance plan may result in termination of the contract for cause. (See RFP, Attachment 13, Section G.) Therefore, it is in the Proposer's best interest to identify and address all actual and potential conflicts of interest at the time of submitting its proposal.</p> <p>RFP, Attachment 13 does contain examples of requirements that DHS, in its sole discretion, may impose for the Conflict Avoidance Plan. (See RFP, Attachment 13, Section F.)</p>
3	RFP main, section K.2.b., Technical Proposal Format and Content Requirements	19	Is there a required format and program for the CD-ROM submission of the technical and cost proposals? We would like to submit them as PDF documents. Is this acceptable?	The Department prefers that the Technical Proposal be submitted using Microsoft Word. This allows the Department to convert the Technical Proposal to a contract easily and more expeditiously than proposals submitted in PDF format.

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4	RFP main, section K.3.i.4), Technical Proposal Format and Content Requirements	31	The RFP requests detailed annual and quarterly financial statements. As a private firm, we do not routinely disclose such information and to the extent that we disclose such information we would request that it be considered confidential and proprietary. However, on page 20 of the RFP, item F indicates that a proposer should not mark any portion of the technical response confidential or proprietary and that DHS will disregard any such language. We are happy to provide sufficient information to assure the department of our firm's financial stability. We would like to discuss what may be an acceptable alternative regarding submission of company financial statements or guidance on what may be acceptable less detailed financial statements.	The Proposer must provide financial statements as required in the RFP Section K.3.i.4. DHS will disregard any language purporting to render all or portions of a proposal confidential or proprietary. (See RFP, Section K.2.f and Section O.5.a.)
5	RFP main, section K.3.i.8) Technical Proposal Format and Content Requirements	32	Can you provide the desired format of the Attestations? For example, is it a notarized statement on company letterhead?	The Attestations do not need to be notarized and should be submitted as a letter on company letterhead for the Proposer, each subcontractor (if applicable) and parent company (if applicable). The person authorized to obligate the firm in matters regarding the proposal or the resulting contract (as specified in Attachment 1) should sign the Proposer's Attestation letter. The Attestation from each subcontractor should be signed by the official representative for each subcontractor who signs the subcontractor's Letter of Agreement (see K.3.i.7)). The Attestation from the parent organization should be signed by the person authorized to obligate the parent company in matters regarding the proposal or the resulting

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				contract.
6	Attachment section	Attachments 1-16	Can you provide the attachments and forms (1-16) in an electronic Word Document rather than the PDF documents that are on the proposal website?	Proposers may request the Attachments on CD-ROM by calling Robert Marlow, Office of Medi-Cal Procurement, at 916-255-6032.
7	Attachment section, RFP Clause Certification	Attachment 5	What does the State want in terms of "Executed in the County of"?	Please list the county where the person who is authorized to obligate the firm in matters regarding the proposal or resulting contract, as specified in Attachment 1, signs the form.
8	Attachment section, Cost Proposal Form	Attachment 16	The Cost Proposal Form requests the names and hourly billing rates for three categories (Senior Health Care Actuary, Health Care Actuary, and Management Consultant). Section L.4.d states, "All costs for a Specific Position indicated on the Cost Proposal Form should be included in the position's billable rate. Any applicable personnel not specifically indicated on the Cost Proposal Form (i.e., management, clerical, support staff) should be factored into the indicated positions' billable rates." Does this mean that the rates are weighted average rates for the consultant as well as their support staff? Are expected travel costs also to be included in this weighted hourly rate?	No additional cost reimbursement will be paid under this contract other than the billable hours for the positions indicated on the Cost Proposal Form (Attachment 16). Any applicable personnel not specifically indicated on the Cost Proposal Form (i.e., management, clerical, support staff) should be factored into the indicated positions' billable rates. All estimated costs (i.e., salary, wages, benefits, operating expenses, indirect costs) to perform the services for the entire contract term must be included in a proposer's calculation of these hourly rates. The support costs (direct and indirect) that are included in the billable rates are at the Proposer's discretion.

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9	Attachment section, Cost Proposal Form	Attachment 16	The Cost Proposal Form assumes senior healthcare actuary is the highest hourly rate in the cost bid. Our proposed team will include senior and associate staff who are not actuaries and whose bid rate may be equal to or may exceed a senior actuary rate. Is it acceptable to propose a weighted average rate for all staff that would be considered in the management consultant classification rather than a rate that is linked to a specific person?	Yes. It is at the Proposer's discretion as to the methodology used to determine the billable rates; however, only one billable rate can be included for each of the three positions indicated on the Cost Proposal Form.
10	Attachment section, Cost Proposal Form	Attachment 16	Is the bid rate assumed to be in effect for both years of the contract period and/or can a proposer submit a cost proposal that contains year one and year two rates?	Each billable rate will be in effect for the entire contract term. As stated in RFP Section L.3, the proposal must include a statement that the Proposer is aware that all prices contained in the cost proposal's hourly bid rates are fixed prices, and will remain the same for the entire contract term.
11	Exhibit section	Exhibit A-1 Standard Agreement	Our current practice is to include standard risk management provisions in our contracts. Are there any applicable provisions under California law that would allow us to have a limitation of liability and/or dispute resolution other than what is provided in the RFP?	DHS may construe any attempt to alter liability and/or dispute resolution provisions set forth in the RFP as being conditional (See RFP, Section O.1.b) or a counter-proposal (See RFP, Section O.1.e) and therefore non-responsive to the RFP. (See RFP, Section O.1.)
12	Appendix section	Appendix 4 Data Library	Are any of the rate manuals and worksheets listed in items 1 and 2 available in electronic format?	No.